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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	February 28, 2010
Estimated average burden hours per response.....	12.00

SEC FILE NUMBER
8-50980

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 04/01/07 AND ENDING 03/31/08
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Private Consulting Group, Inc.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

4650 S.W. Macadam Avenue, Suite 100

(No. and Street)

Portland

(City)

Oregon

(State)

Washington, DC

111

97239

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

David C. Hock

(503) 972-1500

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Spicer Jeffries LLP

(Name - if individual, state last, first, middle name)

5251 S. Quebec Street, Suite 200

(Address)

Greenwood Village

(City)

CO

(State)

80111

(Zip Code)

CHECK ONE:

☒ Certified Public Accountant

☐ Public Accountant

☐ Accountant not resident in United States or any of its possessions.

PROCESSED

JUN 05 2008

THOMSON REUTERS

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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

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OATH OR AFFIRMATION

I, David C. Hock, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Private Consulting Group, Inc., as of March 31, 2008, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



Signature

Senior Vice President

Title

Notary Public

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity of Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital (including reconciliation of X-17A-5 Part II filing with this Rule 17a-5(d) report, if applicable).
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- ☒ (o) Independent Auditors' Report on Internal Accounting Control.

****For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**

PRIVATE CONSULTING GROUP, INC.

REPORT PURSUANT TO RULE 17a-5(d)

YEAR ENDED MARCH 31, 2008

PRIVATE CONSULTING GROUP, INC.

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SPICER JEFFRIES LLP

CERTIFIED PUBLIC ACCOUNTANTS

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FAX: (303) 753-0338

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INDEPENDENT AUDITORS' REPORT

The Board of Directors of
Private Consulting Group, Inc.

We have audited the accompanying statement of financial condition of Private Consulting Group, Inc. as of March 31, 2008, and the related statements of operations, changes in stockholder's equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Private Consulting Group, Inc. as of March 31, 2008, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 6 to the financial statements, the Company is involved in various litigation and disputes. The ultimate outcome of these matters cannot presently be determined.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information contained in the supplemental schedules listed in the accompanying index is presented for purposes of additional analysis and is not required for a fair presentation of the financial statements, but is supplementary information required by Rule 17a-5 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Greenwood Village, Colorado
May 2, 2008



PRIVATE CONSULTING GROUP, INC.
STATEMENT OF FINANCIAL CONDITION
MARCH 31, 2008

ASSETS

Cash and cash equivalents	\$ 159,506
Cash at clearing broker	168,623
Receivables:	
Commissions	243,323
Other	43,475
Notes receivable from related parties (Note 2)	306,220
Furniture, equipment and leasehold improvements, net of accumulated depreciation of \$371,142	451,399
Non-marketable investments (Note 2)	83,628
Other assets	<u>62,499</u>
<i>Total assets</i>	<u>\$ 1,518,673</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

LIABILITIES:

Accounts payable and accrued expenses	\$ 155,054
Commissions payable	218,788
Other liabilities	<u>14,899</u>

Total liabilities 388,741

COMMITMENTS AND CONTINGENCIES (Notes 2 and 6)

STOCKHOLDER'S EQUITY (Note 4):

Preferred stock, no par value, authorized 100,000 shares, no shares issued and outstanding	-
Common stock, no par value, authorized 400,000 shares, 1,000 shares issued and outstanding	2,048,180
Deficit	<u>(918,248)</u>

Total stockholder's equity 1,129,932

Total liabilities and stockholder's equity **\$ 1,518,673**

The accompanying notes are an integral part of this statement.

PRIVATE CONSULTING GROUP, INC.

STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2008

REVENUE:

Commissions	\$ 8,494,619
Investment advisory fees	5,578,993
Interest and dividends	93,045
Other	<u>451,301</u>

Total revenue 14,617,958

EXPENSES:

Commissions, salaries, and related expenses (Note 2)	6,450,769
Investment advisory expense (Note 2)	4,716,696
Salaries and related expenses	1,470,472
Professional fees	773,437
Occupancy and equipment	439,668
General and administrative	289,983
Communications	243,051
Insurance	210,192
Travel and entertainment	104,108
Clearing fees	82,575
Registration and licensing fees	<u>49,667</u>

Total expenses 14,830,618

NET LOSS \$ (212,660)

The accompanying notes are an integral part of this statement.

PRIVATE CONSULTING GROUP, INC.

STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
YEAR ENDED MARCH 31, 2008

	<u>Common Stock</u>		<u>Deficit</u>	<u>Total</u> <u>Stockholder's</u> <u>Equity</u>
	<u>Shares</u>	<u>Amount</u>		
BALANCES, March 31, 2007	1,000	\$ 2,048,180	\$ (705,588)	\$ 1,342,592
Net loss	<u>-</u>	<u>-</u>	<u>(212,660)</u>	<u>(212,660)</u>
BALANCES, March 31, 2008	<u>1,000</u>	<u>\$ 2,048,180</u>	<u>\$ (918,248)</u>	<u>\$ 1,129,932</u>

The accompanying notes are an integral part of this statement.

PRIVATE CONSULTING GROUP, INC.

**STATEMENT OF CASH FLOWS
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS
YEAR ENDED MARCH 31, 2008**

CASH FLOWS FROM OPERATING ACTIVITIES:

Net loss	\$ (212,660)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation	82,211
Decrease in commissions and fees receivable	17,734
Increase in other receivables	(28,063)
Decrease in other assets	10
Decrease in accounts payable and accrued expenses	(2,335)
Decrease in commissions payable	(50,308)
Decrease in other liabilities	(851)

Net cash used in operating activities

(194,262)

CASH FLOWS USED IN INVESTING ACTIVITIES:

Purchase of furniture and equipment	(1,200)
Increase in non-marketable investments	(1,517)

Net cash used in investing activities

(2,717)

CASH FLOWS FROM FINANCING ACTIVITIES:

Decrease in notes receivable from related parties	88,000
---------------------------------------------------	--------

Net cash provided by financing activities

88,000

NET DECREASE IN CASH AND CASH EQUIVALENTS

(108,979)

CASH AND CASH EQUIVALENTS, beginning of period

437,108

CASH AND CASH EQUIVALENTS, end of period

\$ 328,129

CASH AND CASH EQUIVALENTS IS REPRESENTED BY:

Cash	\$ 159,506
Cash at clearing broker	168,623

\$ 328,129

The accompanying notes are an integral part of this statement.

PRIVATE CONSULTING GROUP, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Private Consulting Group, Inc. (the "Company") was incorporated in Oregon in May 1998. The Company is a Broker Dealer registered with the Financial Industry Regulatory Authority ("FINRA") and a Registered Investment Advisor ("RIA") registered with the Securities and Exchange Commission ("SEC"). The Company provides an array of financial services to its client base of affluent families and individuals. The Company is a wholly-owned subsidiary of PCG Holding Company, LLC (the "Parent").

The Company, under Rule 15c3-3(k)(2)(ii), is exempt from the reserve and possession or control requirements of Rule 15c3-3 of the Securities and Exchange Commission. The Company does not carry or clear customer accounts. Accordingly, all customer transactions are executed and cleared on behalf of the Company by its clearing broker on a fully disclosed basis. The Company's agreement with its clearing broker provides that as clearing broker, that firm will make and keep such records of the transactions effected and cleared in the customer accounts as are customarily made and kept by a clearing broker pursuant to the requirements of Rules 17a-3 and 17a-4 of the Securities and Exchange Act of 1934, as amended (the "Act"). The clearing broker also performs all services customarily incident thereon, including the preparation and distribution of customer's confirmations and statements and maintenance margin requirements under the Act and the rules of the Self Regulatory Organizations of which the Company is a member.

The Company records investment advisory fees, consulting fees, and other commissions using the accrual basis of accounting. Securities transactions and related revenues and expenses are recorded on a trade-date basis.

The Company provides for depreciation of furniture and equipment on the straight-line method based on estimated lives of the assets ranging from three to ten years. Leasehold improvements are amortized using the straight-line method over the lesser of the estimated useful life of the asset or the term of the lease.

For purposes of the statement of cash flows, the Company considers all cash on hand and cash at its clearing broker to be cash equivalents.

The Company accounts for income taxes using the asset and liability approach. The asset and liability approach requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax basis of assets and liabilities. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

PRIVATE CONSULTING GROUP, INC.

NOTES TO FINANCIAL STATEMENTS

(Continued)

NOTE 2 - COMMITMENTS AND RELATED PARTY TRANSACTIONS

The Company leases office space and equipment under various operating leases expiring in 2018. Future minimum lease payments under these noncancellable leases as of March 31, 2008 were as follows:

<u>Year</u>	<u>Amount</u>
2009	\$ 297,641
2010	186,088
2011	162,338
2012	154,088
2013	154,088
Thereafter	886,006
	<u>\$ 1,840,249</u>

For the year ended March 31, 2008, total rental expense on the operating leases referred to above was \$159,132.

The Company has entered into a capital lease obligation covering equipment beginning April 1, 2007 and expiring in 2009. Aggregate annual payments on the capital lease obligation beginning in April 2007 are as follows:

<u>Fiscal Year Ended</u> <u>March 31,</u>	<u>Amount</u>
2009	\$ 13,019
Less amounts representing interest	<u>(992)</u>
Present value of future minimum lease payments	<u>\$ 12,027</u>

The Company carries an investment of 8.25% in Frontier Asset Management, LLC ("Frontier") in the amount of \$8,628 included on its statement of financial condition at March 31, 2008. The investment is recorded at its net realizable value, which is less than cost. Frontier, a registered investment advisor, was paid sub-advisory fees of \$463,427 by the Company during the year ended March 31, 2008.

PRIVATE CONSULTING GROUP, INC.

NOTES TO FINANCIAL STATEMENTS

(Continued)

NOTE 2 - COMMITMENTS AND RELATED PARTY TRANSACTIONS

(concluded)

For the year ended March 31, 2008, commissions of \$550,319 were paid to Robert L. Keys, an owner of the Keys Family Partnership, which owns 69.23% of the Parent.

The Company has two notes receivable from a related entity in the amount of \$20,000 and \$17,000, respectively, which bear interest at 5% per annum and are due on October 1, 2008.

The Company has advanced \$269,220 to the PCG Foundation, a private foundation affiliated with the President. Payment terms have not been established and the note does not bear interest. No allowance is considered necessary as the amount is expected to be collected or forgiven by the Company in the future.

The Company has a receivable from San Carlos Development, LLC, a related entity, in the amount of \$11,562.

NOTE 3 - LINE OF CREDIT

The Company has a \$100,000 line of credit bearing interest of prime plus 1.0% (6.25% at March 31, 2008) on outstanding balances. As of March 31, 2008, there was no outstanding balance.

NOTE 4 - NET CAPITAL REQUIREMENTS

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities Exchange Act of 1934, the Company is required to maintain a minimum net capital, as defined under such provisions. At March 31, 2008, the Company had net capital and net capital requirements of \$134,230 and \$50,000, respectively. The Company's net capital ratio (aggregate indebtedness to net capital) was 2.9 to 1. According to Rule 15c3-1, the Company's net capital ratio shall not exceed 15 to 1.

NOTE 5 - INCOME TAXES

The Company has approximately \$442,000 of net operating losses expiring in 2026, which may be used to offset future taxable income. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

The Company has approximately \$150,000 in deferred tax benefit relating to these net operating loss carry forwards, but realization of this benefit is uncertain at the present time and accordingly a valuation allowance in the same amount has been recorded.

PRIVATE CONSULTING GROUP, INC.

NOTES TO FINANCIAL STATEMENTS

(Continued)

NOTE 5 - INCOME TAXES (concluded)

Significant components of the Company's deferred tax liabilities and assets as of March 31, 2008 are as follows:

Deferred tax liabilities	<u>\$ -</u>
Deferred tax assets:	
Net operating loss carry forward	\$ 150,000
Valuation allowance for deferred tax assets	<u>(150,000)</u>
	<u>\$ -</u>

The valuation allowance increased by \$72,000 during the year ended March 31, 2008.

NOTE 6 - FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND CONTINGENCIES

The Company is in business as a securities broker-dealer registered with the SEC and FINRA. The Company engages in the buying and selling of securities for a diverse group of individual investors. These transactions are introduced by the Company for clearance to other broker-dealers on a fully disclosed basis.

In the normal course of business, the Company's client activities ("clients") through its clearing broker involve the execution, settlement, and financing of various client securities transactions. These activities may expose the Company to off-balance sheet risk. In the event the client fails to satisfy its obligations, the Company may be required to purchase or sell financial instruments at prevailing market prices in order to fulfill the client's obligations.

The Company is engaged in various trading and brokerage activities in which counterparties primarily include broker-dealers, banks and other financial institutions. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty with which it conducts business.

The Company has purchased securities for its own account that are held for investment and may incur losses if the fair value of these securities declines subsequent to March 31, 2008.

The Company's financial instruments, including cash and cash equivalents, receivables, payables and other liabilities are carried at amounts that approximate fair value, due to the short-term nature of the instruments.

PRIVATE CONSULTING GROUP, INC.

NOTES TO FINANCIAL STATEMENTS

(Continued)

NOTE 6 - FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND CONTINGENCIES (concluded)

In addition, the Company bears the risk of financial failure by its clearing broker. If the clearing broker should cease doing business, the Company's receivable and cash deposited with its clearing broker could be subject to forfeiture.

The Company has deposits in banks in excess of the FDIC insured amount of \$100,000. At March 31, 2008, the Company had \$59,506 in excess of this requirement which is subject to loss should the bank cease operations.

The Company is involved in various litigation and disputes arising in the normal course of business, some of which are in the preliminary and early stages. In certain of these matters, large and/or indeterminate amounts are sought. Management, after review and discussion with counsel, believes the Company has meritorious defenses and intends to vigorously defend itself in these various matters, but it is not feasible to predict or determine the final outcomes at this present time.

SUPPLEMENTARY INFORMATION

PRIVATE CONSULTING GROUP, INC.

COMPUTATION OF NET CAPITAL
PURSUANT TO UNIFORM NET CAPITAL RULE 15c3-1
MARCH 31, 2008

CREDIT:

Stockholder's equity	\$ 1,129,932
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DEBITS:

Nonallowable assets:	
Commissions receivable	37,765
Other receivables	43,475
Notes receivable from related parties (Note 2)	306,220
Furniture, equipment and leasehold improvements	451,399
Non-marketable investments (Note 2)	83,628
Other assets	62,499
Excess fidelity bond deductible	<u>4,000</u>

<i>Total debits</i>	<u>988,986</u>
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<i>Net capital before haircuts</i>	140,946
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Haircuts on money market funds	<u>6,716</u>
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NET CAPITAL	134,230
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Minimum requirements of 6-2/3% of aggregate indebtedness of \$388,741 or \$50,000, whichever is greater	<u>50,000</u>
------------------------------------------------------------------------------------------------------------	---------------

<i>Excess net capital</i>	<u>\$ 84,230</u>
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AGGREGATE INDEBTEDNESS:

Accounts payable and accrued expenses	\$ 155,054
Commissions payable	218,788
Other liabilities	<u>14,899</u>

<i>Total aggregate indebtedness</i>	<u>\$ 388,741</u>
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RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL	<u>2.9 to 1</u>
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NOTE: There are no material differences between the above computation of net capital and the corresponding computation as filed by the Company with the unaudited Form X-17A-5 as of March 31, 2008.



SPICER JEFFRIES LLP

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT ON INTERNAL ACCOUNTING CONTROL REQUIRED BY SEC RULE 17a-5

The Board of Directors of
Private Consulting Group, Inc.

In planning and performing our audit of the financial statements and supplementary information of Private Consulting Group, Inc. for the year ended March 31, 2008, we considered its internal control structure, including procedures for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission, we have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by Private Consulting Group, Inc. that we considered relevant to the objectives stated in Rule 17a-5(g), (i) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and the procedures for determining compliance with the exemptive provisions of Rule 15c3-3; and (ii) for safeguarding the occasional receipt of securities and cash until promptly transmitted to the Company's clearing brokers. We did not review the practices and procedures followed by the Company in making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule 17a-13 or complying with the requirements for prompt payment for securities under section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System, because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities.

The management of the Company is responsible for establishing and maintaining an internal control structure and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the Commission's above-mentioned objectives. Two of the objectives of an internal control structure and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control structure or the practices and procedures referred to above, errors or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate. This report recognizes that it is not practicable in an organization the size of Private Consulting Group, Inc. to achieve all the divisions of duties and crosschecks generally included in a system of internal accounting control and that alternatively greater reliance must be placed on surveillance by management.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the internal control structure, including procedures for safeguarding securities, that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Commission to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at March 31, 2008, to meet the Commission's objectives.

In addition, our review indicated that Private Consulting Group, Inc. was in compliance with the conditions of exemption from Rule 15c3-3 pursuant to paragraph k(2)(ii) as of March 31, 2008, and no facts came to our attention to indicate that such conditions had not been complied with during the year.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the Financial Industry Regulatory Authority, Inc., and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.



Greenwood Village, Colorado
May 2, 2008

END